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# UNDERWRITING

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## UNDERWRITERS

### Placing Underwriters

China Everbright Securities (HK) Limited  
China Everbright Capital Limited  
DBS Asia Capital Limited  
Barits Securities (Hong Kong) Limited  
China Southern Securities (Hong Kong) Limited  
First Shanghai Securities Limited  
Goldbond Capital (Asia) Limited  
Guotai Junan Securities (Hong Kong) Limited  
Japan Asia Securities Limited  
KGI Capital Asia Limited  
Kim Eng Securities (Hong Kong) Limited  
Luen Fat Securities Company Limited  
SBI E2-Capital Securities Limited  
Standard Bank Asia Limited  
Taiwan Securities (HK) Company Limited

### Public Offer Underwriters

China Everbright Securities (HK) Limited  
China Everbright Capital Limited  
DBS Asia Capital Limited  
Barits Securities (Hong Kong) Limited  
China Southern Securities (Hong Kong) Limited  
First Shanghai Securities Limited  
Goldbond Capital (Asia) Limited  
Guotai Junan Securities (Hong Kong) Limited  
Japan Asia Securities Limited  
KGI Capital Asia Limited  
Kim Eng Securities (Hong Kong) Limited  
Luen Fat Securities Company Limited  
SBI E2-Capital Securities Limited  
Standard Bank Asia Limited  
Taiwan Securities (HK) Company Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering 34,830,000 Public Offer Shares for subscription by way of Public Offer on and subject to the terms and conditions of this prospectus and the related application forms and 313,470,000 Placing Shares for subscription by way of Placing on and subject to the terms and conditions of this prospectus.

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Subject to:

- the Listing Committee of the Stock Exchange granting listing of and permission to deal in the H Shares (subject only to allotment) not later than Monday, 22nd December, 2003 (or such later date as the Lead Manager (on behalf of the Underwriters) may agree; and
- certain other conditions set out in the Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure applications to subscribe, on and subject to the terms and conditions of this prospectus, the related application forms and the Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer, and the Placing Underwriters have severally agreed to subscribe or procure applications to subscribe, on the terms and conditions of this prospectus, for the Placing Shares now being offered and which are not taken up under the Placing.

## Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers for the Offer Shares will be subject to termination if any of the following events which, in the sole and absolute discretion of the Lead Manager (on behalf of the Underwriters) occur prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- there should occur:
  - any material adverse change in the business or in the financial or trading position of any member of the Group is material in the context of the Public Offer and/or Placing; or
  - any event or series of events concerning or relating to or otherwise having an effect on, or any change or prospective change (whether or not permanent) in Hong Kong, the PRC or any other jurisdiction relating to the Group or local, national, international, financial, political, industrial, economic, currency, military, legal, fiscal, exchange control, regulatory, stock or other financial market or other conditions, circumstances or matters, whether or not of the same kind with any of the foregoing (including without limitation any moratorium on or suspension of commercial banking activities or trading in securities on the Stock Exchange) shall have occurred, happened or come into effect; or
  - any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or PRC or any other jurisdictions relevant to any member of the Group; or

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- any event, act or omission which gives rise or is likely to give rise to any material liability of the Group pursuant to the indemnities contained in the Underwriting Agreement; or
- the imposition of economic or other sanctions, in whatever form, directly or indirectly, on Hong Kong, the PRC or any other jurisdiction relevant to the Group or any member of the Group; or
- any event, or series of events, beyond the control of the Underwriters (including without limitation, any act of God, acts of government, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout) shall have occurred, happened or come into effect; or
- there is a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States; or
- there is a change in the exchange rate between the United States dollar and the Renminbi, or between Hong Kong dollar and the Renminbi; or
- any litigation or claim of material importance being threatened or instituted against any members of the Group, and which, in each case, will or is likely to be materially adverse to or materially prejudicially affect the Group or its prospects or the Public Offer and/or the Placing or the success thereof or which makes it inappropriate, inadvisable or inexpedient to proceed with the Public Offer and/or Placing; or
- The Lead Manager or any of the Underwriters shall become aware of the fact that, or have cause to believe that:
  - any of the warranties given by the Warrantors under the Underwriting Agreement was untrue, inaccurate or misleading in a material respect; or
  - any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect, or any matter has arisen or has been discovered which would, if this prospectus was to be issued at that time, constitute an omission therefrom; or
  - any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or
  - any material breach of any obligation imposed upon any party to the Underwriting Agreement (other than on any of the Lead Manager or the Underwriters) has occurred

which in the sole and absolute opinion of the Lead Manager (on behalf of the Underwriters) is or will be, or is likely to have a material adverse effect on the success of the Public Offer and/or the Placing or for any other reason makes it impracticable, inadvisable or inexpedient to proceed with the Public Offer and/or the Placing.

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Other than pursuant to the Underwriting Agreement, none of the Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

### Undertakings

Xinghang Investment has undertaken with the Underwriters and the Company that it will not transfer or otherwise dispose of any of the Shares beneficially owned by Xinghang Investment immediately following the Share Offer (or any other shares or securities of, or interest in, the Company arising or deriving therefrom) within the period of 6 months from the Listing Date.

Xinghang Investment has undertaken with the Underwriters and the Company that it will not transfer or otherwise dispose of, or permit the disposal by the registered shareholder of any of the securities mentioned in the preceding paragraph in the period of 6 months from the date that the period mentioned in the preceding paragraph expires, if following such disposal, Xinghang Investment ceases to be a controlling shareholder (as defined in Chapter 1 of the Listing Rules), without the prior consent of the Lead Manager (on behalf of the Underwriters).

The Company has undertaken to the Underwriters in the Underwriting Agreement that it will not, and the Controlling Persons and the executive Directors have undertaken to the Underwriters to procure that the Company will not, save pursuant to the Share Offer and the Over-allotment Option, without the prior written consent of the Lead Manager on behalf of the Underwriters and of the relevant PRC authorities, and unless in compliance with the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities of the Company (including warrants or other convertible securities) or grant or agree to grant any options or rights over any Shares or other securities of the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or has any intention to do so during the six months from the Listing Date. In the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six months period after the Listing Date, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

Xinghang Investment has further undertaken to the Company and the Stock Exchange that it will, at any time after the date of this Prospectus up to and including the date falling 12 months after the Listing Date immediately inform the Company and the Stock Exchange of:

- any pledges or charges of any Shares or other share capital of the Company beneficially owned by it and the number of such Shares or other securities so pledged or charged; and
- any indication received by it, either verbal or written, from any pledgee or chargee of any Shares or other share capital of the Company pledged or charged that such Shares or other share capital of the Company will be disposed of.

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The Company will also inform the Stock Exchange as soon as the Company has been informed of the above matters (if any) by Xinghang Investment and disclose such matters by way of a press notice as soon as possible after being so informed by Xinghang Investment.

### **Over-allotment Option**

The Company has granted to the Lead Manager the Over-allotment Option exercisable within 30 days of the latest day for the lodging of applications under the Share Offer to require the Company to issue up to additional 47,495,455 additional new H Shares and the Vendors may be required to sell up to additional 4,749,545 Sale H Shares, solely to cover over-allocations in the Placing, if any, in the Share Offer.

### **Commission and expenses**

The Underwriters will receive a commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including H Shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commission, and the Sponsor will in addition receive a documentation fee in relation to the Share Offer. Such fee and commission, together with the Stock Exchange listing fees, brokerage fee of 1.0%, the SFC transaction levy of 0.005%, the SFC investor compensation levy of 0.002% and the Stock Exchange trading fee of 0.005%, legal and other professional fees, printing and other expenses relating to the Share Offer which are currently estimated to be approximately HK\$52,300,000 in aggregate (based on an Offer Price of HK\$3.10 per H Share, being the mid-point of the stated range of the Offer Price of between HK\$2.90 and HK\$3.30 per H Share and the assumption that the Over-allotment Option is not exercised) are to be borne by the Company as to 90.91% and the Vendors as to 9.09%.